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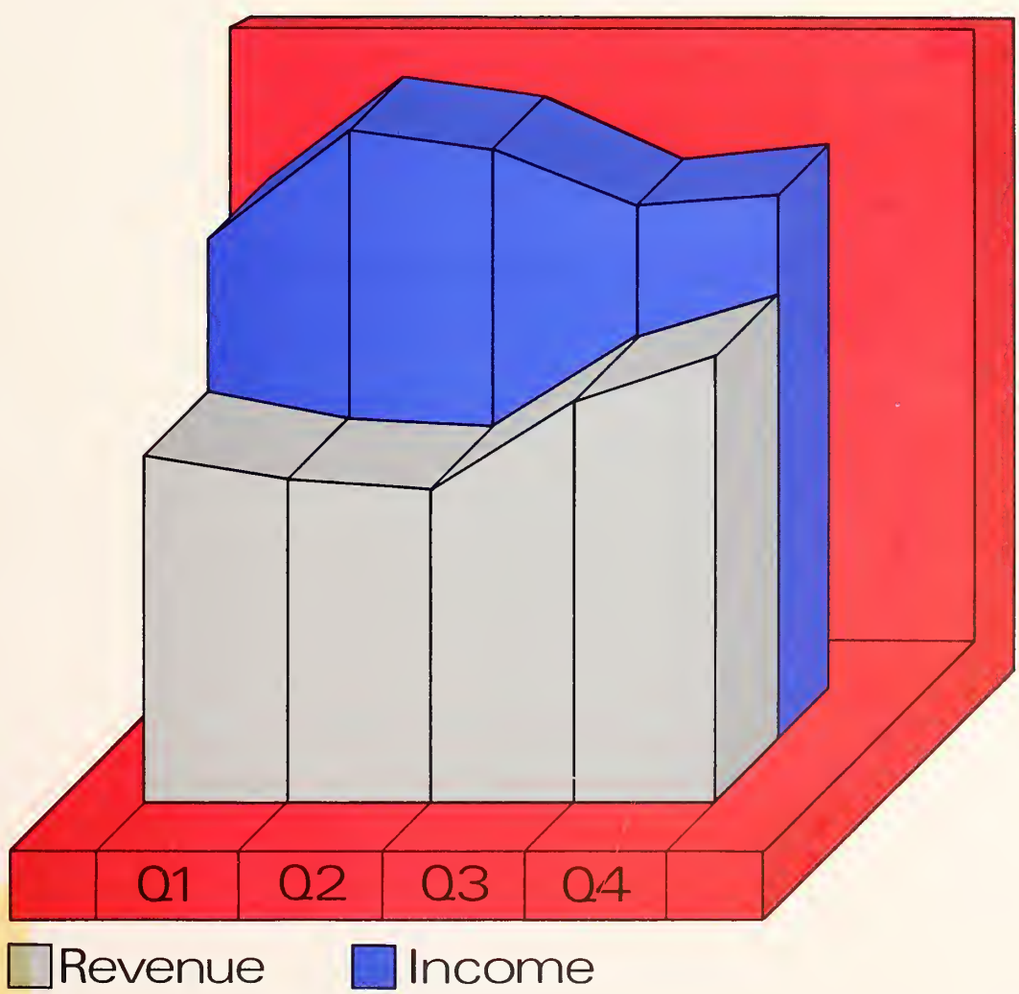
INFORMATION SERVICES

VENDOR FINANCIAL WATCH



October 1985

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INFORMATION SERVICES VENDOR FINANCIAL WATCH

October 1985

I INTRODUCTION

- The Vendor Financial Watch (VFW) is a quarterly INPUT analysis of up-to-date financial reports of public information processing services, professional services, software products, and turnkey systems companies, both for comparative purposes (vendor to vendor) and to enable participants in a given sector of the information services market to monitor the overall growth of their sector.

- Each sector of the information services market is analyzed separately, both from a revenue and from a net income standpoint. The growth trends are analyzed in the last three columns of each data sheet in increasing calendar sequence; this is intended to provide an indication of the very latest developments in revenue and net income growth.

- Each information services market sector is also commented on separately, highlighting individual company successes and failures, and the trend in the market sector as a whole. The summary analysis at the back of the VFW report analyzes the comparative trends between sectors and comments on the trend of the total Information Services market. This section is particularly important since it identifies growth patterns very clearly.

- This quarterly Vendor Financial Watch report is intended as a planning tool for market planning executives and as an information newsletter for company executives. The data contained are extracted from published sources, annual reports, and 10-K reports, supplemented by INPUT's estimates (denoted by a * following a value) where data was not yet available from the company.

- This issue covers 101 information services vendors.

II DATA REPORTED

- The VFW report is divided into two sections:
  - Information services delivery mode analysis.
  - Total information services industry financial performance.
- Financial data provided includes each vendor's revenue and net income, reported on a calendar quarterly basis and comparisons on performance provided for:
  - 1984 versus 1983 (year on year).
  - Last calendar nine months' results compared to the year earlier period.
  - Last calendar six months' results compared to the year earlier period.
- Fiscal quarterly revenue is approximated to calendar quarterly revenue as follows:
  - Quarterly revenue reported as of February, March, and April is reported as Q1.
  - Quarterly revenue reported as of May, June, and July is reported as Q2.
  - Quarterly revenue reported as of August, September, and October is reported as Q3.
  - Quarterly revenue reported as of November, December, and January is reported as Q4.
- Fiscal year-end dates are provided in column 2 so that actual quarters for each company can be identified. Values that are followed by an asterisk (*) are INPUT estimates, pending release of the final results from the vendor. These are included so that the overall totals for each sector may be as complete as possible.

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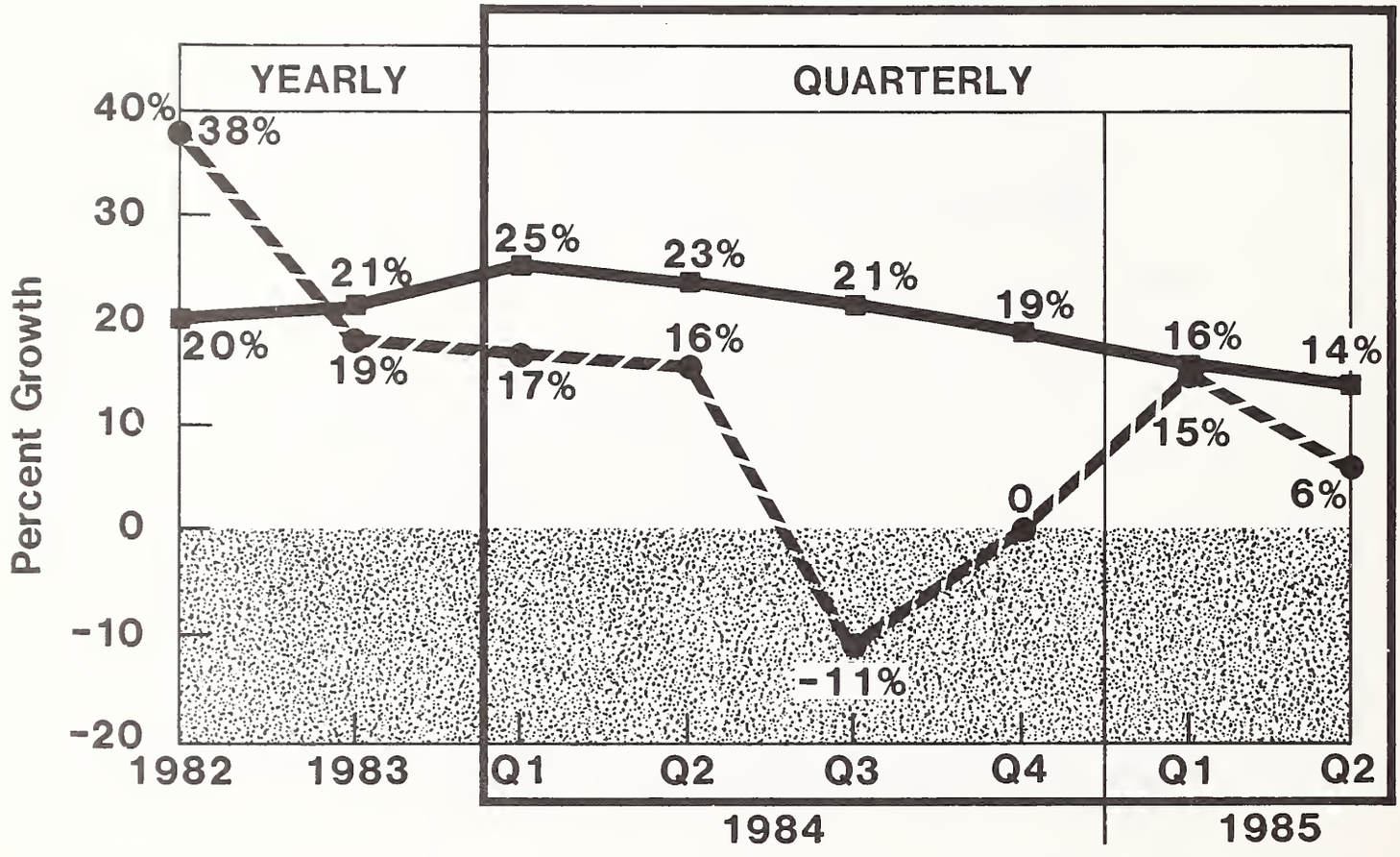
PUBLIC PROCESSING SERVICES VENDORS

III PROCESSING SERVICES TREND ANALYSIS

- Growth of the processing services sector shows a decline in the latest quarterly analysis:
  - 1984 revenue grew 22% over 1983 (for the 32 company sample).
  - Rolling nine months' revenue comparison shows a 16% growth.
  - The last six months' revenue in 1985 grew 15% over the year earlier period.
- Net income is still growing but barely above inflation:
  - Up 7% in 1984 over 1983.
  - Up 8% in the last nine months over the year earlier period.
  - Up 11% in the last six months over the year earlier period.
- These results are impacted by continued poor income performance from Epsilon, Fidata, Network D. P., and Telecredit. In addition, losses continued at Keydata and Computer Research. Anacomp had the largest single year loss ever recorded in the processing services industry in 1984--over $82 million but is slowly recovering.
- The best performers are well focused, specialized service companies. Paychex, ADP, Shared Medical, Systematics, and Telerate have retained excellent net income on a steady revenue growth curve.
- Total sample: 32 companies representing 20% of the processing services industry revenues. Note that Anacomp's results have been removed to avoid distortion of the entire sample. Information Resources has been added for the first time this issue and Bradford National now appears under its new name--Fidata.

update: 10/1/85

PUBLIC PROCESSING SERVICES VENDORS



Note: Excludes Anacomp

Last Update: 10-01-85

REVENUES OF PUBLIC PROCESSING SERVICES COMPANIES

COMPANY NAME	FISCAL YEAR END	REVENUE ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 QUARTERS ROLLING	LAST 2 QUARTRS ROLLING
ADP	06-30	202323	218481	813722	234915	233195	236557	253620	958287	273528	266310	18	16	15
CITZN FIN	12-31	2378	2267	9632	2620	2504	7582	2423	15129	2683	2551	57	4	2
COMDATA NTWK	12-31	18198	18739	63369	19755	19939	20547	20945	81186	22400	20500	28	9	8
COMPUSERVE	04-30	12579	13172	47943	14692	15447	16422	17684	64245	19308	20010	34	32	30
COMPUTER LAN	12-31	14208	15943	85215	35301	26303	17280	19300	98184	36587	24770	15	4	0
COMPUTER NET	03-31	4306	3474	15699	2684	1787	4345	7848	16664	8800	8726	6	219	292
COMPUTER RES	08-31	1729	1498	6136	2033	1946	1914	2006	7899	2028	1789	29	6	-4
COMPUTER SER	02-28	2500	2600	9836	2525	2400	2420	2514	9859	2604	2717	0	4	8
COMPUTONE	05-31	6265	8443	28062	8728	10030	9204	12743	40705	21089	12000	45	68	76
COMSHARE	06-30	18340	17869	73873	18016	18783	16725	15473	68997	14846	16010	-7	-15	-16
COOK DATA SV	12-31	1324	1081	5625	1356	1066	1598	1200	5220	1351	1045	-7	3	-1
CYCARE	12-31	7636	8309	29246	7987	9402	10931	11754	40074	9938	11611	37	30	24
DST SYSTEMS	12-31	12883	12509	47830	13405	14709	14856	15157	58127	17430	18941	22	27	29
DYATRON	12-31	8248	11341	33858	8503	8305	8248	14460	39516	9592	9574	17	19	14
EPSILON	05-31	7701	9766	32718	10065	12779	11265	10210	44319	12072	14020	35	11	14
FIDATA	12-31	36207	36735	144406	36990	39207	38086	38000	152283	33007	31557	5	-9	-15
GENESEE	05-31	220	223	1050	225	275	317	347	1164	351	402	11	52	51
INFO.RESOURC.	12-31	544	6622	16193	13891	14332	15568	17298	61089	17458	18332	277	52	27
KEYDATA	07-31	1340	1317	5289	1423	1416	1163	1158	5160	1107	1050	-2	-20	-24
NAT DATA	05-31	33377	34349	128151	37146	34061	33752	34867	139826	36576	36103	9	2	2
NETWK D.P.	03-31	813	611	2643	628	833	659	657	2777	650	763	5	0	-3
NUMERAX	06-30	1848	1989	7028	2094	2184	2304	2404	8986	2499	2663	28	21	21
PAYCHEX	05-31	7533	7454	27765	8049	8683	9577	9917	36226	10936	10936	30	31	31
PAY-FONE	06-30	1248	1427	5024	1305	1425	1698	1980	6408	1713	1614	28	28	22
QUOTRON	12-31	40277	42213	153810	44493	46631	47921	50754	189799	48813	50449	23	13	9
SCIENTIF.COM	06-30	3374	3578	13490	3857	4059	3358	3718	14992	3696	3669	11	-4	-7
SEI CORP	12-31	17703	20889	69239	23037	23043	23968	23655	93703	25029	26894	35	13	13
SHARED MEDIC	12-31	54079	56991	210814	59763	62818	65726	68446	256753	72708	76876	22	21	22
SYSTEMATICS	05-31	19008	18587	71382	20455	20662	21896	22642	85655	24443	26894	20	24	25
TELECREDIT	04-30	15839	20500	68281	18924	20244	19602	23813	82583	21639	22743	21	14	13
TELERATE	09-30	19991	25611	79145	27460	29323	31574	34209	122566	36926	40661	55	36	37
TSR INC	05-31	3555	4042	14092	4512	4449	4485	4481	17927	4420	4893	27	6	4
TOTALS		577574	628630	2320566	686837	692240	701548	745683	2826308	796227	787073	22	16	15

32 COMPANIES

LAST UPDATED: 10-01-85

NET INCOME OF PUBLIC PROCESSING SERVICES COMPANIES

COMPANY NAME	FISCAL YEAR END	NET AFTER TAX INCOME ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTERS	LAST 2 ROLLING QUARTRS
ADP	06-30	13650	17550	68705	22100	21830	15395	20137	79462	26140	26178	16	18	19
CITZN FIN	12-31	516	540	2361	393	282	1004	254	1933	400	307	-18	-21	5
COMDATA NTWK	12-31	2988	2899	11083	3075	3637	3881	2674	13267	3400	3500	20	0	3
COMPUTER LAN	12-31	-1104	-1431	8630	7145	2762	-1585	-1751	6571	7164	1784	-24	-15	-10
COMPUTER NET	03-31	-848	68	-551	33	-538	-541	107	-939	513	56	-70	255	213
COMPUTER RES	08-31	96	98	554	114	128	0	21	263	80	-33	-53	-80	-81
COMPUTER SER	02-28	230	425	1158	300	240	205	350	1095	185	220	-5	-22	-25
COMPUTONE	05-31	74	30	1144	-818	305	208	266	-39	423	450	-103	336	270
COMSHARE	06-30	247	253	2335	415	475	-215	-5479	-4804	577	350	-306	-498	4
COOK DATA SV	12-31	177	92	139	92	-88	247	50	301	40	103	117	101	3475
CYCARE	12-31	581	698	1899	473	555	731	841	2600	281	309	37	-17	-43
DST SYSTEMS	12-31	2616	1677	9057	2348	2846	2694	1977	9865	2529	2352	9	0	-6
DYATRON	12-31	-182	-4499	-4607	34	-267	-71	806	502	355	301	111	131	382
EPSILON	05-31	123	632	1331	257	576	-140	176	869	-231	396	-35	-77	-80
FIDATA	12-31	-4389	-3805	-8089	733	1561	-12924	-5000	-15630	1025	-343	-93	-186	-70
GENESEE	05-31	220	223	1050	225	275	317	347	1164	351	402	11	52	51
INFO.RESOURC.	12-31	896	1329	3702	1293	1161	1721	1736	5911	3189	2087	60	85	115
KEYDATA	07-31	2	1	-896	-4	35	-10	-215	-194	18	10	78	-684	-10
NAT DATA	05-31	2791	2832	11320	3191	3280	1106	1876	9453	2220	2340	-16	-31	-30
NETWK D.P.	03-31	219	-76	266	-14	212	-70	-79	49	-49	72	-82	-146	-88
NUMERAX	06-30	92	141	365	103	86	124	175	488	173	184	34	61	89
PAYCHEX	05-31	609	621	1895	378	413	684	785	2260	608	905	19	63	91
PAY-FONE	06-30	-170	-48	-66	-151	-237	83	105	-200	-67	87	-203	129	105
QUOTRON	12-31	6265	6735	23981	6917	6867	6425	6614	26823	5822	5700	12	-12	-16
SCIENTIF.COM	06-30	297	285	1159	317	331	181	10	839	184	192	-28	-59	-42
SEI CORP	12-31	1350	1395	5244	927	936	622	-1928	557	885	955	-89	-103	-1
SHARED MEDIC	12-31	7165	7448	27254	7535	8195	7729	9333	32792	9359	10050	20	24	23
SYSTEMATICS	05-31	1607	1389	5518	1395	1658	1526	2257	6836	2230	2632	24	60	59
TELECREDIT	04-30	886	1669	4543	1104	1473	925	918	4420	65	870	-3	-56	-64
TELERATE	09-30	6145	6464	22818	6900	7536	7751	8180	30367	8657	8227	33	20	17
TSR INC	05-31	207	251	864	254	316	512	529	1611	590	388	86	84	72
TOTALS		43356	45886	204166	67064	66841	38515	46072	218492	77116	71031	7	8	11

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30 COMPANIES

LAST UPDATED: 10-01-85

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PUBLIC PROFESSIONAL SERVICES VENDORS

IV PROFESSIONAL SERVICES TRENDS ANALYSIS

- The growth of revenues in the professional services sector suddenly improved this quarter:
  - 1984 revenues grew 14% over 1983 (compared to 16% in 1983 over 1982.
  - The last nine months' revenue comparison shows a 16% growth.
  - The last six months' revenue results for 1984 shows a 17% increase over the previous six months.
- In the quarter, growth was up 19% over last year.
- Net income growth shows a weakening pattern however:
  - 23% up in 1984 over 1983.
  - 21% up in the rolling three quarters analysis.
  - A smaller 12% up in the latest six months.
  - A growth of 7% in the last quarter.
- A number of small- and medium-sized vendors continue to show excellent growth patterns:
  - AGS Computer (a multiservice vendor).
  - Computer Data.
  - Computer Task Group.
  - Dynamics Research.
  - Logicon.
  - Technalysis.
- While many such vendors show very strong revenue growth, a small number show either a decline (202 Data Systems, CACI, Systems & Computer Technology) or stagnation (CSC, Planning Research Corporation, Rand Information Services).
- The total sample this quarter is 24 companies or 33% of the professional services industry's total revenue.

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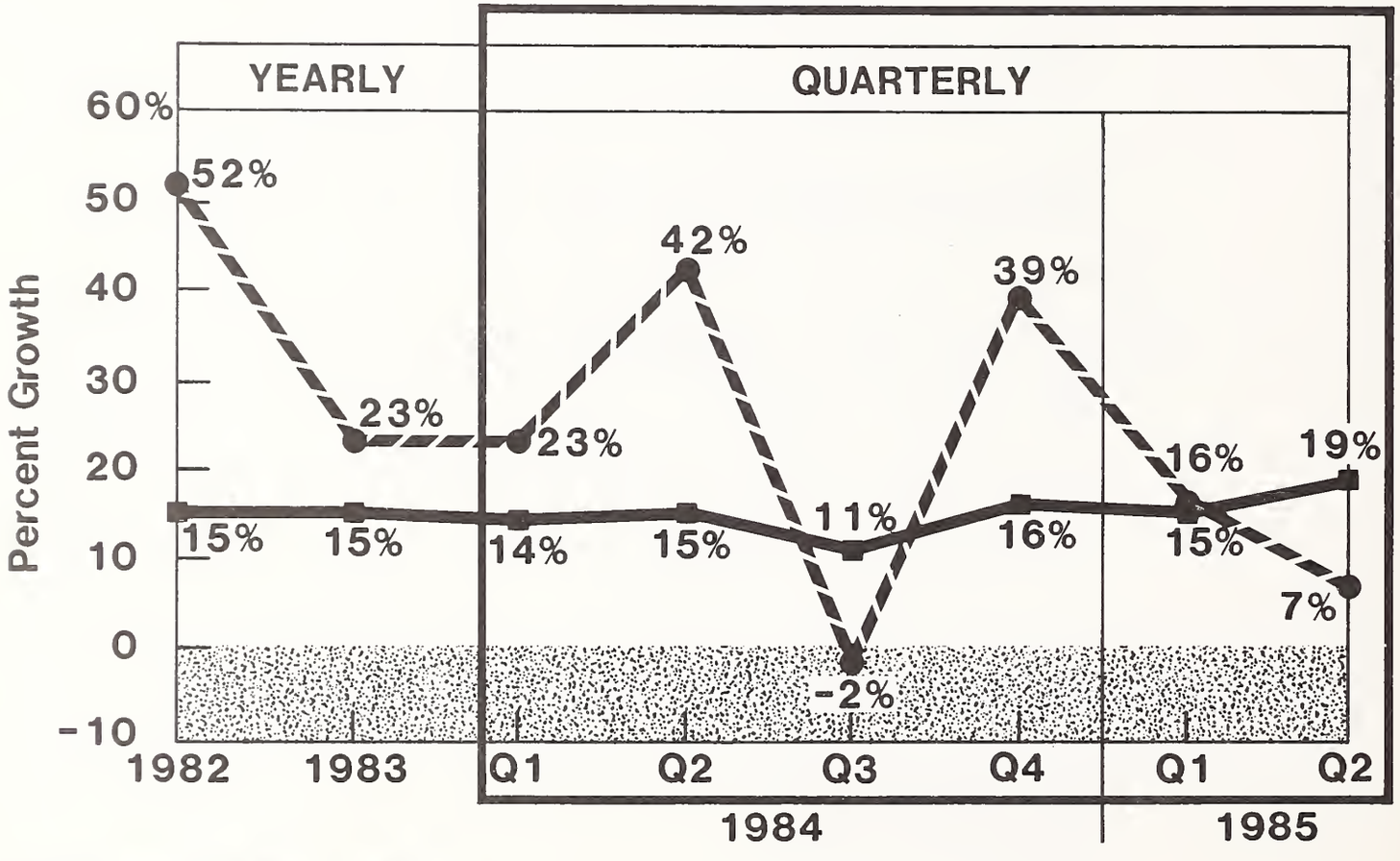
PUBLIC PROFESSIONAL SERVICES VENDORS



Last Update: 10-01-85

REVENUES OF PUBLIC PROFESSIONAL SERVICES COMPANIES

COMPANY NAME	FISCAL YEAR END	REVENUE ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTRS	LAST 2 ROLLING QUARTRS
202 DATA SYS	10-31	442	1669	3648	627	491	553	503	2174	489	562	-40	-44	-6
ACT	12-31	3121	2659	11185	2679	3235	2741	3227	11882	3036	3526	6	14	11
ADV.SYSTEMS	10-31	11929	10003	39942	9274	9486	11967	10557	41284	11529	11254	3	16	21
AGS COMPUTER	12-31	38775	46584	145911	53029	52944	56147	61960	224080	65742	70327	54	30	28
AM. MGT. SYS	12-31	21023	20747	79196	20998	23023	25374	27611	97006	26647	27260	22	26	22
ANLYSTS INT.	06-30	6477	7304	25600	8152	8754	9420	10368	36694	11954	12549	43	44	45
AUXTON COMP	12-31	5126	5659	19515	5873	5635	6251	6146	23905	6453	7182	22	15	18
BDM INTERN'L	12-31	40657	41681	151145	41607	45730	48838	55225	191400	50764	62021	27	30	29
BBN	06-30	23710	25150	94470	27459	30031	29437	31875	118802	35294	41614	26	32	34
C.A.C.I.	06-30	26791	30249	115344	26070	26736	24383	24622	101811	24961	23990	-12	-11	-7
COMP DATA	06-30	12780	13039	48200	14086	14966	15028	14080	58160	12666	13097	21	-5	-11
COMP HORIZ	02-28	8100	9140	30679	10164	10435	10588	11636	42823	11973	12507	40	21	19
CSC	04-01	184395	168525	718880	185028	173895	172027	178684	709634	198887	187565	-1	7	8
COMP TASK GR	12-31	13551	16136	53885	17377	18629	21876	24741	82623	26035	28166	53	51	51
DATA ARCHTS	11-30	7914	5420	23545	3527	4586	4398	3026	15537	4264	5347	-34	-7	18
DYNAMICS RES	12-25	9701	15442	43663	11241	11944	12125	17760	53070	14633	14242	22	21	25
INTERMETRICS	02-28	7765	9063	32821	10216	10537	11016	10869	42638	10587	11324	30	10	6
KEANE	12-31	5192	6871	21659	7317	8430	8915	9166	33828	9951	10341	56	30	29
LOGICON	03-31	30631	32692	120674	36691	39380	45541	39646	161258	43689	44100	34	17	15
PRC	06-30	79856	76467	318906	79480	84919	78177	81770	324346	93931	118485	2	22	29
RAND INFO.	02-28	2994	3735	12392	2842	2546	2753	2920	11061	2924	2611	-11	-7	3
SYSCON CORP	11-30	21871	26101	87015	24006	27253	26084	26687	104030	26174	28462	20	5	7
SYST.& COMP.	09-30	12415	12688	46901	13560	15017	16500	17000	62077	12512	11874	32	0	-15
TECHNALYSIS	12-31	1651	2007	7941	2417	2317	2276	2938	9948	3128	3142	25	37	32
TOTALS		576867	589031	2253117	613720	630919	642415	673017	2560071	708223	751548	14	16	17

24 COMPANIES

LAST UPDATED: 10-01-85

NET INCOME OF PUBLIC PROFESSIONAL SERVICES COMPANIES

COMPANY NAME	FISCAL YEAR END	NET AFTER TAX INCOME ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTERS	LAST 2 ROLLING QUARTRS
202 DATA SYS	10-30	15	195	452	76	20	14	2	112	5	3	-75	-97	-92
ACT	12-31	167	50	396	-94	179	23	59	167	83	135	-58	105	156
ADV.SYSTEMS	10-31	1697	1084	4809	989	802	335	1064	3190	1166	1204	-34	19	32
AGS COMPUTER	12-31	1560	2196	5785	1559	1307	1778	1195	5839	1925	1734	1	-4	28
AM. MGT. SYS	12-31	532	718	2012	449	643	812	937	2841	1269	1658	41	113	168
ANLYSTS INT.	06-30	-237	-213	-797	-310	-302	-149	78	-683	454	546	14	231	263
AUXTON COMP	12-31	394	425	1732	470	360	490	241	1561	340	461	-10	-17	-3
BDM INTERN'L	12-31	1629	1964	6346	1747	1921	2051	2354	8073	2130	2512	27	24	27
BBN	06-30	1091	1303	4260	1656	1879	1837	1978	7350	2190	2446	73	37	31
C.A.C.I.	06-30	12	1287	1942	-777	1461	564	658	1906	770	553	-2	1	93
COMP DATA	06-30	738	771	2590	860	509	824	817	3010	723	582	16	-1	-5
COMP HORIZ	02-28	453	626	1895	720	513	324	539	2096	643	666	11	-1	6
CSC	04-01	4397	4225	15826	7081	4637	3446	12403	27567	7232	5199	74	56	6
COMP TASK GR	12-31	406	379	1454	337	511	538	714	2100	773	893	44	94	96
DATA ARCHTS	11-30	-290	-1282	-1177	-319	322	230	367	600	306	364	151	181	22233
DYNAMICS RES	12-25	44	792	1007	-16	64	483	809	1340	437	252	33	78	1335
INTERMETRICS	02-28	-276	106	319	192	119	147	166	624	155	183	96	21	9
KEANE	12-31	8	10	232	91	145	169	214	619	233	191	167	159	80
LOGICON	03-31	1473	1564	5363	1680	1843	2071	2123	7717	2210	2378	44	32	30
PRC	06-30	3576	2885	11263	2304	2661	650	1625	7240	1398	2333	-36	-32	-25
RAND INFO.	02-28	7	2	-21	48	-47	-81	-892	-972	-236	-307	-4529	-47933	-54400
SYSCON CORP	11-30	915	1102	3495	895	1058	924	1188	4065	986	1103	16	7	7
SYST.& COMP.	09-30	2562	2288	8653	2569	2860	3000	2800	11229	627	97	30	-54	-87
TECHNALYSIS	12-31	243	272	928	224	250	271	276	1021	257	289	10	10	15
TOTALS		21116	22749	78764	22431	23715	20751	31715	98612	26076	25475	23	21	12

24 COMPANIES

LAST UPDATED: 10-01-85

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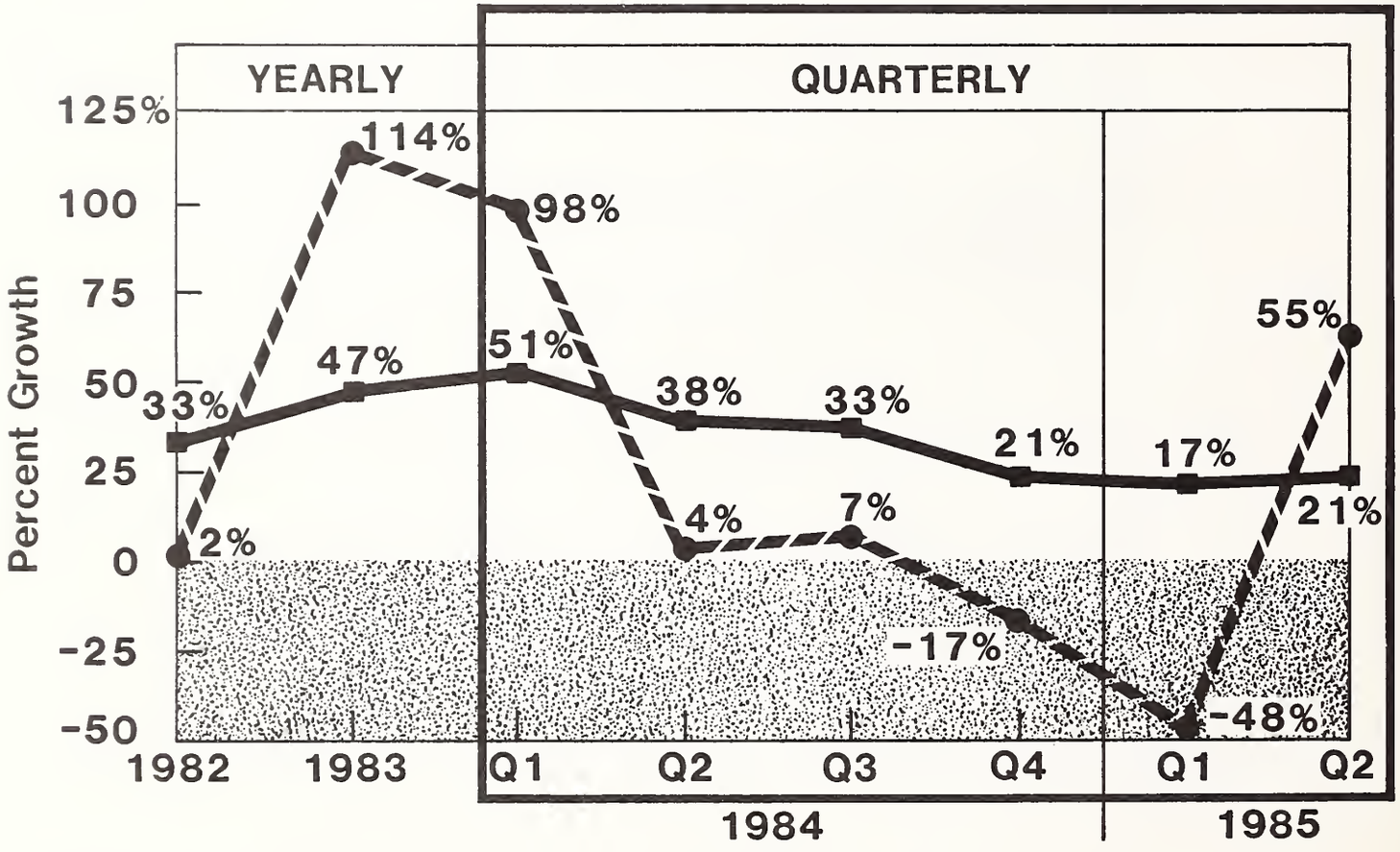
PUBLIC SOFTWARE PRODUCT VENDORS

V SOFTWARE PRODUCTS TRENDS ANALYSIS

- The rapid growth of the software products sector slowed significantly in the last quarter of 1984:
  - 1984 revenues grew 34% over 1983 (as compared to 47% for 1983 over 1982) while the nine months' comparison showed a 20% growth.
  - The rolling six months' revenue results show a 19% growth over the year-earlier period completing a pattern of rapid cooling in the industry's development.
  - During this last quarter, growth was 21%--a slight improvement.
- Net income has begun a recovery:
  - 1984 net income grew 8% over 1983 but was followed by a rolling nine months' contraction (-13%).
  - The last six months have seen a continuation of the contraction trend (-8%). These averages are impacted by ADR, BPI Systems, Hogan Systems, Information Sciences, MicroPro International, and NCA which all had poor quarters. In the last quarter the net income for the sample improved sharply, growing at 55%.
- This is still a very strong market in selected vertical and cross-industry markets but even the principal vendors are beginning to experience a slowdown:
  - Data base management systems companies like Cullinet, and Software AG grew more slowly and experienced a contraction in typical net income growth.
  - Lotus Development remains the star, still growing over 70% in the last three analysis periods, and net income growth over 30% in the same periods.
- Ashton Tate was added this quarter to bring the sample to 27 companies, representing 17% of the total software product industry's revenues.

update: 10/1/85

PUBLIC SOFTWARE PRODUCTS VENDORS



Last Update: 10-01-85

REVENUES OF PUBLIC SOFTWARE PRODUCTS COMPANIES

COMPANY NAME	FISCAL YEAR END	REVENUE ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTERS	LAST 2 ROLLING QUARTRS
ADR	12-31	24864	30151	89086	21549	28523	33663	44469	128204	34300	30083	44	36	29
AMERICAN S/W	04-30	4701	6201	19161	5657	6581	7189	7992	27419	7813	8828	43	34	36
APPLIED COMM	09-30	3874	3567	15674	5676	6697	6875	5490	24738	6833	7997	58	27	20
ASHTON TATE	01-31	11433	13545	39846	11207	19193	24709	27172	82281	23971	27501	106	79	69
BGS SYSTEMS	01-31	2217	3617	9192	2546	2500	2349	3531	10926	2886	3157	19	11	20
BPI SYSTEMS	03-31	2670	2452	9335	2635	2495	2800	1692	9622	2361	2344	3	-16	-8
COMSERV	12-31	3807	5000	16321	5487	6291	6326	6771	24875	4520	8824	52	20	13
COMPUTER AS.	03-31	18240	26070	76694	24528	22009	31056	38766	116359	37169	31257	52	48	47
CONTINUUM	03-31	7249	8520	28059	8314	9157	9999	11410	38880	17827	19000	39	86	111
CULLINET	04-30	27703	31386	108358	35149	40265	43684	47423	166521	52728	42277	54	33	26
HOGAN SYST.	03-31	8524	7212	24978	16469	6695	11342	4604	39110	5604	4066	57	-53	-58
INFORMATICS	12-31	50262	59756	197892	50921	50076	53835	56982	211814	49918	55443	7	1	4
INF. SCIENCE	04-30	3970	8989	25801	12087	7336	6626	8038	34087	6849	6589	32	-24	-31
INNOVATIVE	06-30	480	656	1942	707	489	1380	1833	4409	1495	1600	127	166	159
INT.SOFT.SYS	12-31	6309	8686	24177	5904	6970	8852	11906	33632	7663	8673	39	31	27
LOTUS DEV.	12-31	16465	23903	53006	28269	32628	45649	50432	156978	44679	59276	196	82	71
MSA	12-31	30165	58163	145176	32250	31002	31218	56390	150860	24974	38124	4	-2	0
MICROPRO INT'L	08-31	16374	20555	59159	18887	15661	12384	11679	58611	9959	10275	-1	-42	-41
NCA CORP	12-31	4607	5191	17974	5501	6113	5115	6853	23582	5194	6054	31	8	-3
ON-LINE S/W	05-31	7777	6666	25824	6182	6583	6891	7322	26978	8226	8300	4	23	29
PANSOPHIC	04-30	11452	16125	49918	14966	12505	16658	20050	64179	18117	16257	29	25	25
POLCY MGMT	12-31	15701	17487	62268	19276	20977	21316	23246	84815	25032	25725	36	28	26
SCIENTIFIC S	12-31	10667	11600	30893	10323	9142	8332	11084	38881	7429	8144	26	-14	-20
SOFTECH	05-31	9530	12222	41624	10922	10884	7990	9054	38850	8998	10391	-7	-16	-11
SOFTWR AG	05-31	8663	9906	35030	10528	12030	11938	12657	47153	12055	14110	35	20	16
STERLING S/W	09-30	3932	4251	12376	4797	4582	5063	4850	19292	6043	6751	56	29	36
UCCEL	12-31	38000	44550	152963	39042	42974	42709	48708	173433	46144	48943	13	14	16
TOTALS		349636	446417	1372727	409779	420358	465948	540404	1836489	478787	509989	34	20	19

27 COMPANIES

LAST UPDATED: 10-01-85

NET INCOME OF SOFTWARE PRODUCTS COMPANIES

COMPANY NAME	FISCAL YEAR END	NET AFTER TAX INCOME ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTERS	LAST 2 ROLLING QUARTRS
ADR	12-31	3114	4108	7460	333	1694	2542	5093	9662	600	-3140	30	-58	-225
AMERICAN S/W	04-30	956	1382	3994	961	1181	1235	1666	5043	1388	1282	26	23	25
APPLIED COMM	09-30	481	-401	972	673	926	1007	147	2753	734	1395	183	90	33
ASHTON TATE	01-31	1596	1765	6230	149	682	3483	3149	7463	2344	3456	20	245	598
BGS SYSTEMS	01-31	325	622	1335	143	92	23	860	1118	354	363	-16	84	205
BPI SYSTEMS	03-31	613	380	2027	269	-72	-1563	-714	-2080	-212	56	-203	-251	-179
COMSERV	12-31	-2855	-1000	-5813	-2840	-1874	-1135	-9747	-15596	-1967	1775	-168	-74	96
COMPUTER AS.	03-31	1583	4610	8446	2694	1024	2231	6283	12232	3562	1397	45	35	33
CONTINUUM	03-31	617	935	2703	518	1374	1107	1179	4178	2064	2100	55	89	120
CULLINET	04-30	3811	4230	15218	4812	5501	5977	6354	22644	6900	4233	49	20	8
HOGAN SYST.	03-31	1802	622	3603	4673	-1485	1007	-1352	2843	-12018	-2992	-21	-529	-571
INFORMATICS	12-31	2264	4354	8546	673	-1176	1050	4133	4680	68	-579	-45	-6	-2
INF. SCIENCE	04-30	-236	408	1738	1554	-1053	-1808	-6219	-7526	-2947	-847	-533	-1202	-857
INNOVATIVE	06-30	-155	-16	-19	-162	-1430	-812	-588	-2992	-298	-200	-15647	32	69
INT.SOFT.SYS	12-31	955	1583	3001	247	472	1184	2325	4228	420	613	41	46	44
LOTUS DEV.	12-31	4708	6773	14316	7495	7647	9102	11802	36046	9631	10744	152	47	35
MSA	12-31	-350	10195	10769	484	-1662	-1791	3212	243	-2721	3063	-98	-61	129
MICROPRO INT'L	08-31	2974	2902	9271	3130	620	-756	-620	2374	-870	468	-74	-115	-111
NCA CORP	12-31	321	274	1107	307	265	-502	155	225	-1202	-55	-80	-230	-320
ON-LINE S/W	05-31	787	-241	1039	-1146	-349	194	380	-921	646	500	-189	188	177
PANSOPHIC	04-30	2749	3382	8648	2197	1174	3001	4374	10746	3266	2038	24	43	57
POLCY MGMT	12-31	2631	2724	9728	3070	3371	3587	3680	13708	3827	3994	41	25	21
SCIENTIFIC S	12-31	1051	1500	3007	634	102	406	827	1969	-342	147	-35	-72	-126
SOFTECH	05-31	515	145	1907	301	547	-347	135	636	198	-1757	-67	-243	-284
SOFTWR AG	05-31	1118	1293	3141	1662	1783	1873	1876	7194	1276	990	129	-13	-34
STERLING S/W	09-30	317	170	1067	340	335	245	247	1167	641	576	9	73	80
UCCEL	12-31	220	1250	200	779	1649	3583	6024	12035	2362	3560	5918	225	144
TOTALS		31912	53949	123641	33950	21338	34123	44661	134072	17704	33180	8	-13	-8

27 COMPANIES

LAST UPDATED: 10-01-85

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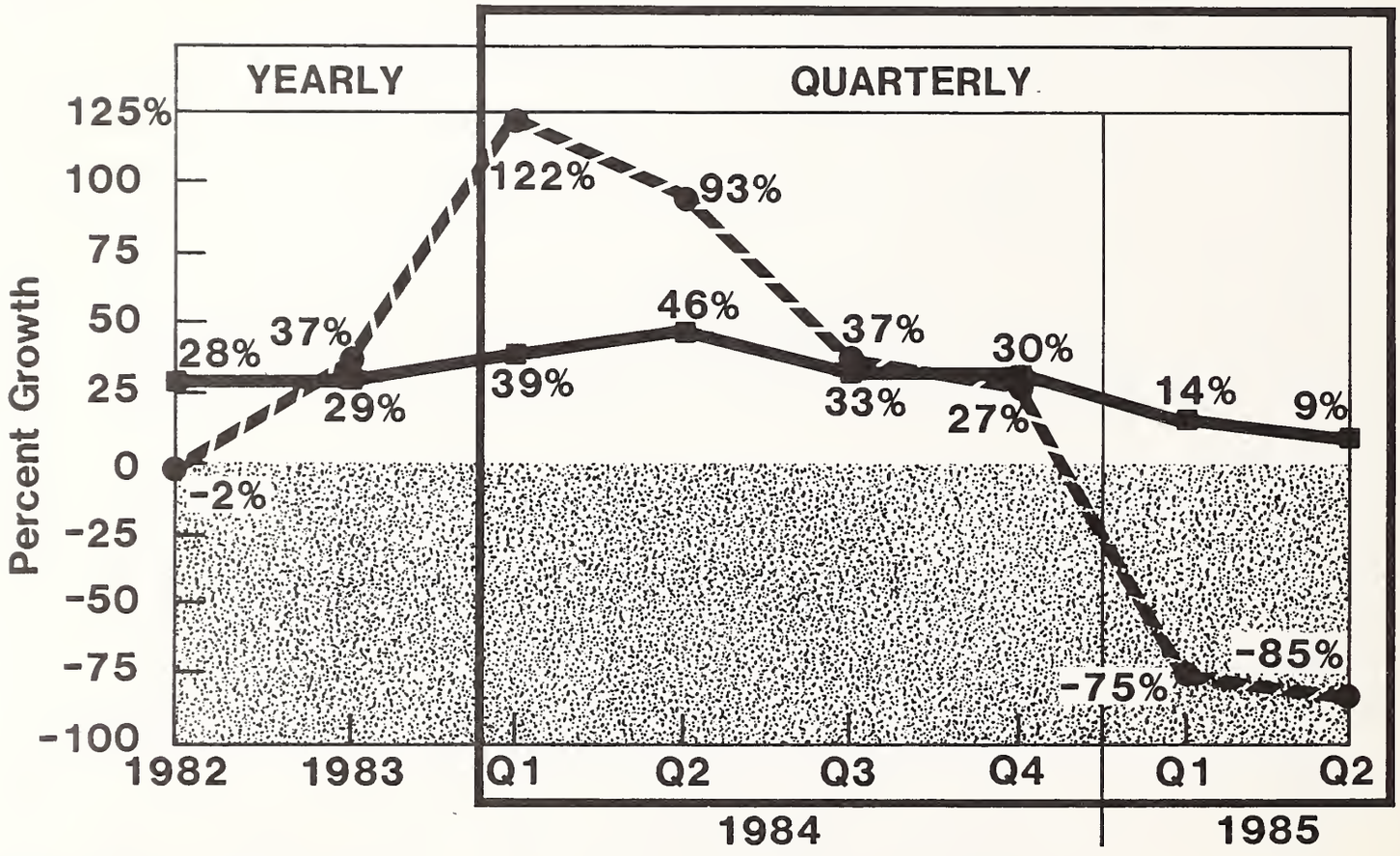
PUBLIC TURNKEY SYSTEMS VENDORS

VI TURNKEY SYSTEMS TRENDS ANALYSIS

- The revenue trend of turnkey system vendors over the last 12 months has been one of steady growth, but a sharp slowdown is underway:
  - 1984 revenue grew 36% over 1983 (for the sample).
  - The rolling nine months' comparison shows a 17% growth.
  - The latest six months shows an 11% growth over the previous year.
  - The last quarter shows a 9% growth over the previous year.
- Net income has plummeted. In 1984 the companies listed averaged 57% growth over 1983. In the last quarter net income for the sample contracted by 80%.
- Outstanding performances are becoming rare and difficulties more numerous:
  - ASK Computer had a strong 50% growth in 1984 followed by 16% over the last nine months (on a growing revenue base) and a slow 7% in the last six months.
  - Avant Garde had shown dramatic gains in 1984 with revenue up over 60% and net income up 71%. In the last six-month period revenues are down 11% and net income is down 35%.
  - Computer Consoles showed a strong recovery with seven consecutive profit quarters until 1985. In the last two quarters losses have totalled $10 million.
  - Daisy Systems and Intergraph alone show steady revenue and net income growth. The overall net income picture is now abysmal with the exception of the former companies and others such as C3 and HBO.
- The sample this quarter is 18 companies representing 38% of the turnkey systems industry revenues.

update: 10/1/85

PUBLIC TURNKEY SYSTEMS VENDORS



Last Update: 10-01-85

REVENUES OF PUBLIC TURNKEY SYSTEMS COMPANIES

COMPANY NAME	FISCAL YEAR END	REVENUE ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTERS	LAST 2 ROLLING QUARTRS
ASK	06-30	12460	15114	51213	17561	19941	18003	21282	76787	19187	20761	50	16	7
AUTO-TROL	12-31	15079	17129	54129	16272	17157	16773	18725	68927	18901	16383	27	7	6
AVANT-GARDE	04-30	3270	4106	12870	4987	5713	4901	5276	20877	3690	5555	62	-2	-14
C3	03-31	16500	12870	68735	15100	15496	18467	19700	68763	18758	19068	0	32	24
COMPTEK RES.	03-31	4793	5491	19508	6218	5986	6055	6315	24574	6685	6723	26	11	10
COMP CNSL	12-31	27614	38657	103550	27237	36088	33321	34543	131189	25976	35076	27	-6	-4
COMP DSGN	08-31	493	612	1921	610	574	504	720	2408	768	639	25	18	19
COMPUTERV	12-31	104026	111648	399942	121759	133589	137133	163861	556342	105871	112288	39	4	-15
DAISY SYST.	09-30	7315	13060	28320	15700	18538	21810	25484	81532	29042	32511	188	84	80
DIMIS INC.	12-31	1106	606	4109	571	718	236	323	1848	345	182	-55	-55	-59
GERBER	04-30	42929	42423	159053	53733	54586	52615	52530	213464	64427	48341	34	10	4
HBO	12-31	16499	19339	67624	20407	21807	22384	24084	88682	44171	46400	31	86	115
INTERGRAPH	12-31	59272	84604	244046	78702	98769	105480	120811	403762	108973	130556	65	37	35
NAT D. COM	10-31	5831	1544	11428	1967	1646	1780	1689	7082	1606	1667	-38	-4	-9
PENTA SYST.	12-31	7173	6040	21716	5692	5981	6322	6059	24054	4395	4500	11	-16	-24
REYNOLDS & R	09-30	66253	67163	263821	72827	74247	75571	74602	297247	82501	83215	13	12	13
TERA CORP	06-30	4362	4059	16812	3688	5343	6439	8257	23727	7215	1781	41	32	0
TRIAD	09-30	28600	24126	92097	31230	29949	35100	23905	120184	22431	27522	30	-13	-18
TOTALS		423575	468591	1620894	494261	546128	562894	608166	2211449	564942	593168	36	17	11

18 COMPANIES

LAST UPDATED: 10-01-85

NET INCOME OF PUBLIC TURNKEY SYSTEMS COMPANIES

COMPANY NAME	FISCAL YEAR END	NET AFTER TAX INCOME ($ Thousands) 1983 Q3	1983 Q4	1983 TOTAL	1984 Q1	1984 Q2	1984 Q3	1984 Q4	1984 TOTAL	1985 Q1	1985 Q2	GROWTH (Percent) 1984/1983 %(+/-)	LAST 3 ROLLING QUARTERS	LAST 2 ROLLING QUARTRS
ASK	06-30	991	1906	5139	1758	1487	1706	2138	7089	1788	2317	38	21	27
AUTO-TROL	12-31	416	968	-3276	773	1143	222	614	2752	-251	-4974	184	-260	-373
AVANT-GARDE	04-30	306	402	1048	527	626	396	245	1794	392	-269	71	-76	-89
C3	03-31	2000	436	8289	-400	1404	1303	742	3049	873	768	-63	65	63
COMPTEK RES.	03-31	227	271	917	432	330	338	322	1422	1323	268	55	85	109
COMP CNSL	12-31	4086	5691	10392	1314	2835	1390	751	6290	-5505	-4610	-39	-195	-344
COMP DSGN	08-31	47	5	75	17	14	246	98	375	73	74	400	581	374
COMPUTERV	12-31	9093	10439	35340	10750	7363	4692	14921	37726	-18766	-19510	7	-182	-311
DAISY SYST.	09-30	1703	2307	4845	2600	2785	3297	3954	12636	4685	5532	161	84	90
DIMIS INC.	12-31	-288	-780	-1767	-724	-256	-529	-718	-2227	-307	-357	-26	21	32
GERBER	04-30	3402	3698	11251	5197	5796	6424	6293	23710	6546	4331	111	17	-1
HBO	12-31	2657	2751	10001	3229	3420	3608	3639	13896	5867	6107	39	66	80
INTERGRAPH	12-31	7719	10649	29342	10304	16470	17366	18796	62936	14340	16735	114	33	16
NAT D. COM	10-31	606	-617	-3260	-14	-447	7125	-209	6455	-272	-1073	298	-44	-192
PENTA SYST.	12-31	939	265	1719	100	111	-482	-1273	-1544	-482	-400	-190	-553	-518
REYNOLDS & R	09-30	3973	3693	13816	4201	4462	4789	4121	17573	4784	4984	27	12	13
TERA CORP	06-30	-750	-717	-1811	-1720	-1251	30	66	-2875	-1389	-3099	-59	-20	-51
TRIAD	09-30	1900	430	1439	1651	1262	1500	-1623	2790	-3574	207	94	-249	-216
TOTALS		39027	41797	123499	39995	47554	53421	52877	193847	10125	7031	57	-46	-80

18 COMPANIES

LAST UPDATED: 10-01-85

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PUBLIC INFORMATION SERVICES VENDORS ANALYSIS

VII PUBLIC INFORMATION SERVICES VENDORS' ANALYSIS

- The comparison of the quarter growth rates (e.g., 1984 growth in Q1 compared to 1983 growth in Q1 for a given service sector) enables the rate of recovery (or lack thereof) to be clearly identified for each sector.

- The **processing services** sector appears to be entering another difficult period. Net income growth shows an uneven performance with vendors split into two groups: very successful and serious loss making. This quarter a much needed recovery in net income failed to materialize.

- The **software products** sector had a strong first three quarters in 1984 but slowed in 1985. Net income growth stopped in the last quarter of 1984 and the first quarter of 1985. The last quarter shows a sharp recovery, however.

- The **professional services** sector has plateaued in revenue and net income in the previous four quarters. Substantial growth was achieved in this quarter, however.

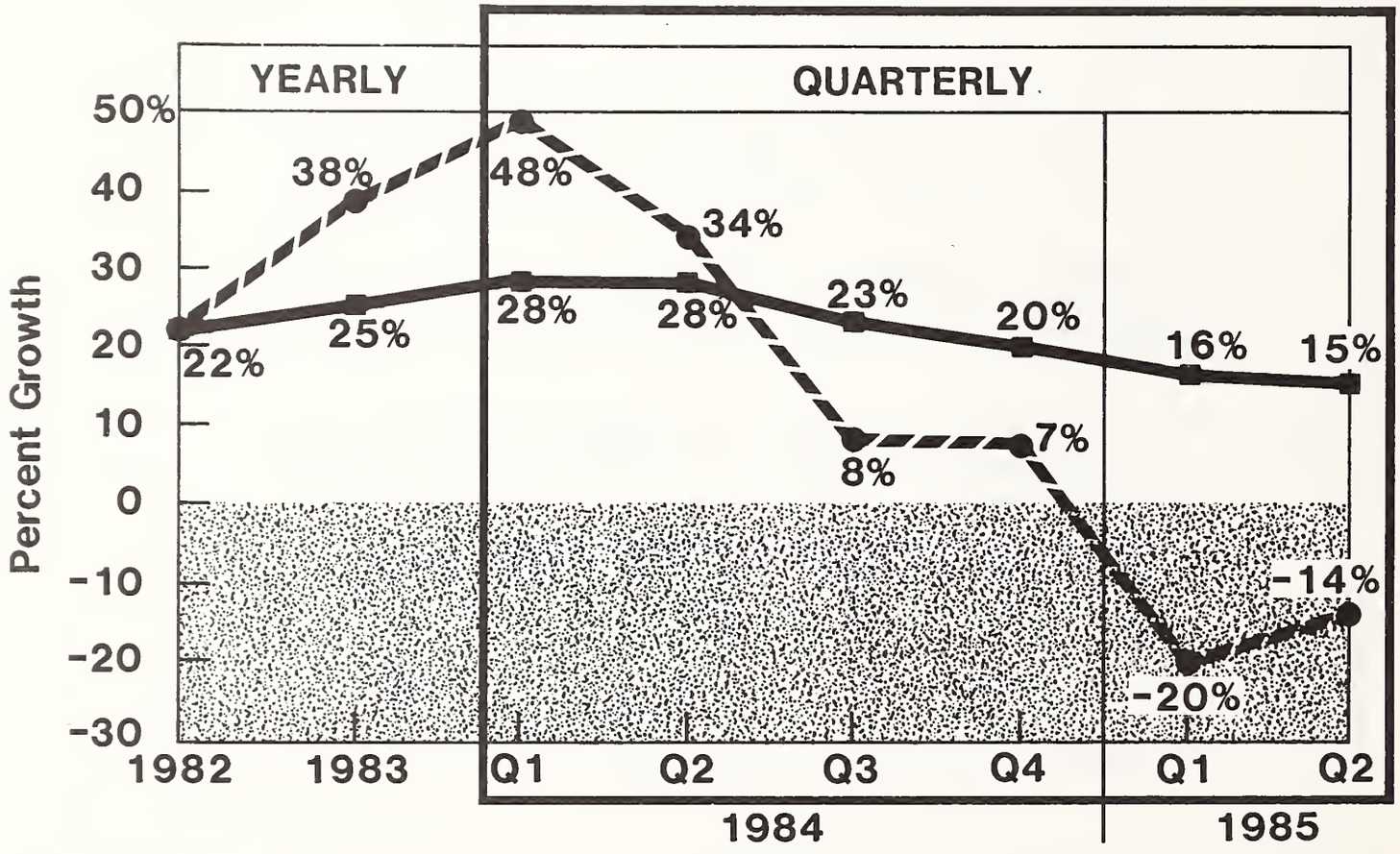
- **Turnkey systems** revenue growth cooled in the last two quarters. Net income shrank in both quarters and shows the worst growth picture of all the information services sectors.

- Overall, the information services industry dropped sharply in the first half of 1985 from an unspectacular 1984, but the second half results can be expected to improve. Net income is heavily impacted by the poor performance of the turnkey systems sector.

- The total sample has been increased this quarter to 101 companies representing 24% of the total information services industry.

update: 10/1/85

PUBLIC INFORMATION SERVICES VENDORS



Last Update: 10-01-85

PUBLIC INFORMATION SERVICES COMPANY PERFORMANCE, 1981 THRU 1984 ($ Millions Revenue)

SERVICE		Q1	Q2	Q3	Q4	PUBLIC ANNUAL TOTAL	SERVICES SECTOR TOTAL	SECTOR AS % OF INDSTRY	PUBLIC AS % OF SECTOR
PROCESSING (32 COS)	81 REV	387	391	402	420	1602	10290	46	16
	82 REV	465	472	472	506	1921	11164	42	17
	83 REV	551	563	578	629	2321	12611	40	18
	84 REV	687	692	702	746	2826	14169	36	20
	85 REV	796	787						
	82/81 %	20	21	17	20	20	8		
	83/82 %	18	19	22	24	21	13		
	84/83 %	25	23	21	19	22	12		
	85/84 %	16	14						
SOFTWARE(26 COS)	81 REV	142	167	175	219	703	4165	19	17
	82 REV	200	217	223	293	933	5766	22	16
	83 REV	272	304	350	446	1373	7703	24	18
	84 REV	410	420	466	540	1837	10569	27	17
	85 REV	479	510						
	82/81 %	41	30	27	34	33	38		
	83/82 %	36	40	57	52	47	34		
	84/83 %	51	38	33	21	34	37		
	85/84 %	17	21						
PROFESS. SER.(25 COS)	81 REV	415	416	417	445	1693	4993	22	34
	82 REV	480	478	484	508	1951	5981	23	33
	83 REV	540	547	577	589	2253	6938	22	32
	84 REV	614	631	642	673	2560	8584	22	30
	85 REV	708	752						
	82/81 %	16	15	16	14	15	20		
	83/82 %	13	14	19	16	15	16		
	84/83 %	14	15	11	14	14	24		
	85/84 %	15	19						
TURNKEY SYST. (18 COS)	81 REV	230	237	254	264	985	2884	13	34
	82 REV	306	300	307	346	1259	3604	14	35
	83 REV	356	373	424	469	1621	4342	14	37
	84 REV	494	546	563	608	2211	5775	15	38
	85 REV	565	593						
	82/81 %	33	27	21	31	28	25		
	83/82 %	16	24	38	36	29	20		
	84/83 %	39	46	33	30	36	33		
	85/84 %	14	9						
TOTALS (101 COS)	81 REV	1174	1211	1248	1348	4983	22332	100	22
	82 REV	1451	1467	1486	1653	6064	26516	100	23
	83 REV	1719	1787	1929	2133	7568	31595	100	24
	84 REV	2205	2289	2373	2567	9434	39096	100	24
	85 REV	2548	2642						
	82/81 %	24	21	19	23	22	19		
	83/82 %	18	22	30	29	25	19		
	84/83 %	28	28	23	20	25	24		
	85/84 %	16	15						

LAST UPDATED: 10-01-85

PUBLIC INFORMATION SERVICES COMPANY PERFORMANCE, 1981 THRU 1984 ($ Thousands Net Income)

SERVICE		Q1	Q2	Q3	Q4	PUBLIC ANNUAL TOTAL
PROCESSING (30 COS)	81 NET	32398	33763	29361	29321	124843
	82 NET	44321	47101	36093	43891	171406
	83 NET	57371	57553	43356	45886	204166
	84 NET	67064	66841	38515	46072	218492
	85 NET	77116	71031			
	82/81 %	37	40	23	50	37
	83/82 %	29	22	20	5	19
	84/83 %	17	16	-11	0	7
	85/84 %	15	6			
SOFTWARE(26 COS)	81 NET	7081	11914	13571	24189	56755
	82 NET	12331	13010	15138	17222	57701
	83 NET	17172	20608	31912	53949	123641
	84 NET	33950	21338	34123	44661	134072
	85 NET	17704	33180			
	82/81 %	74	9	12	-29	2
	83/82 %	39	58	111	213	114
	84/83 %	98	4	7	-17	8
	85/84 %	-48	55			
PROFESS. SER.(25 COS)	81 NET	10793	9495	8633	13122	42043
	82 NET	16631	15998	14776	16654	64059
	83 NET	18189	16710	21116	22749	78764
	84 NET	22431	23715	20751	31715	98612
	85 NET	26076	25475			
	82/81 %	54	68	71	27	52
	83/82 %	9	4	43	37	23
	84/83 %	23	42	-2	39	25
	85/84 %	16	7			
TURNKEY SYST. (18 COS)	81 NET	17594	31022	21616	21846	92078
	82 NET	23273	23972	19951	23089	90285
	83 NET	18019	24656	39027	41797	123499
	84 NET	39995	47554	53421	52877	193847
	85 NET	10125	7031			
	82/81 %	32	-23	-8	6	-2
	83/82 %	-23	3	96	81	37
	84/83 %	122	93	37	27	57
	85/84 %	-75	-85			
TOTALS (98 COS)	81 NET	67866	86194	73181	88478	315719
	82 NET	96556	100081	85958	100856	383451
	83 NET	110751	119527	135411	164381	530070
	84 NET	163440	159448	146810	175325	645023
	85 NET	131021	136717			
	82/81 %	42	16	17	14	21
	83/82 %	15	19	58	63	38
	84/83 %	48	33	8	7	22
	85/84 %	-20	-14			

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